



MARIN MUNICIPAL WATER DISTRICT

Posting Date: March 19, 2018

220 Nellen Avenue Corte Madera CA 94925-1169
www.marinwater.org

NOTICE OF SPECIAL MEETING BOARD OF DIRECTORS/FINANCE COMMITTEE*

Notice is hereby given that a Special Meeting of the Marin Municipal Water District's Board of Directors/Finance Committee will be held as follows:

- MEETING DATE:** Thursday, March 22, 2018
TIME: 9:30 a.m.
LOCATION: 1) MMWD Board Room, 220 Nellen Ave., Corte Madera, CA 94925
 ** 2) UC Davis, 550 Alumni Lane, Davis CA 95616 (Director Koehler)
 ** 3) UC Merced, 5200 North Lake Road, Science and Engineering 1, Room 236 Merced, CA (Director Quintero)

AGENDA

ITEM	RECOMMENDATION	APPROX. START
<input type="checkbox"/> CALL TO ORDER		9:30 a.m.
<input type="checkbox"/> ADOPT AGENDA		9:31 a.m.
<input type="checkbox"/> PUBLIC EXPRESSION†		9:32 a.m.
<input type="checkbox"/> CALENDAR		
1. Minutes of February 22, 2018 Meeting	Approve	9:37 a.m.
2. Monthly Financial Update	Information	9:38 a.m.
3. Expenditures and Projected Annual Cost Increases	Information	9:48 a.m.



Stephanie Eichner-Gross
Board Secretary

ADA NOTICE AND HEARING IMPAIRED PROVISIONS: The board room is equipped with sound amplifying units for use by the hearing impaired. The units operate in conjunction with the room's sound system. You may request the personal sound amplifier from the Board Secretary for use during meetings.

In accordance with the Americans with Disabilities Act and California Law, it is the policy of the Marin Municipal Water District to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a

MMWD BOARD OF DIRECTORS: Larry Bragman, Jack Gibson, Cynthia Koehler, Armando Quintero, Larry Russell

**The designated chair is Director Koehler and vice chair is Director Gibson. Other board members may attend as they wish.*

***One or more directors may participate in this meeting via teleconference. The teleconference location(s) is listed above. Members of the public are welcome to attend the meeting at either location.*

†Anyone wishing to speak on an item other than those listed on this agenda will be recognized at this time. We ask any person wishing to be heard to come to the podium to address the board and state your name and address for the public record. A 3-minute limit is customary; however the committee chair may adjust the actual time allotted to accommodate the number of speakers.

public hearing notice, an agenda, and/or agenda packet in an appropriate alternative format, or if you require other accommodation, please contact Stephanie Eichner-Gross at (415) 945-1448, at least two days in advance of the meeting. Advance notification within this guideline will enable the district to make reasonable arrangements to ensure accessibility.

* * * * *

FUTURE BOARD OF DIRECTORS/FINANCE COMMITTEE MEETINGS:

Thursday, April 26, 2018, 9:30 a.m.	MMWD Board Room
Thursday, May 24, 2018, 9:30 a.m.	MMWD Board Room



**MARIN MUNICIPAL
WATER DISTRICT**

ITEM No. 1
MEETING DATE: March 22, 2018
MEETING: Board of Directors /
Finance Committee

STAFF REPORT

SUBJECT: Minutes of February 22, 2018 Finance Committee Meeting

SUBMITTED BY: Cheryl Howlett, Finance Analyst, Administrative Services Division

RECOMMENDED ACTION: Approve

ATTACHMENT:

1. Minutes of February 22, 2018 Finance Committee Meeting

**MARIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS / FINANCE COMMITTEE**

IN ATTENDANCE:

Directors present: Cynthia Koehler, Jack Gibson, Larry Bragman, Larry Russell and Armando Quintero

Directors absent: None

CALL TO ORDER: Director Koehler called the meeting to order at 9:30 a.m.

ADOPT AGENDA: By simple motion, the agenda was adopted.

PUBLIC EXPRESSION: None

ITEM 1. Minutes of the January 25, 2017 meeting were approved.

ITEM 2. Monthly Financial Update

The Administrative Service Division Manager/Treasurer (ASDM), Charlie Duggan, presented the financial summary for the month ending January 2018.

Fiscal year to date with the month ending January 31, 2018, water revenue was at 66% of budget and all other operating revenue was at 58% of budget, for total operating revenue of 65.3%. Capital revenue was 47%, fire flow revenue was 56%, with the total of all revenue collected being 62% of budget.

Fiscal year to date, actual operating expenses total 60% of budget. Total operating and capital expenses combined were 54% of the total FY 2018 budgeted expenses.

The total unrestricted reserves were \$18.2M, which is 3 months of operating budget with the debt ratio currently projected to be 1.75. There is currently \$37.5M in the capital reserve fund.

ITEM 3. Preliminary Review of Draft 10-Year Capital Improvement Program FY2019/20 - FY2028/29

The Engineering & Environmental Services Division Manager (E&ESDM), Mike Ban, gave a presentation on the Capital Improvement Program (CIP), stating that in the last 10 years MMWD has invested \$203M, an average of \$20M annually, to upgrade the infrastructure; replaced 34 storage tanks, recoated 10 storage tanks, replaced 74 miles of deficient pipeline and seismically upgraded the San Geronimo and Bon Tempe Treatment Plants lowering the earthquake risks and improving firefighting capabilities.

Looking forward, for the next 5 years through 2022, the district had plans to budget/spend \$176M for CIP, an average of \$35M/yr, but is realizing that this is not fiscally sustainable, E&ES is looking to reprioritize projects and extend the window out to 10 years, while maintaining operational efficiency. E&ES has reduced the 5 year expenditure estimate by \$63M, to a total of \$113M.

The 10 year CIP plan investments a total of \$211M, averaging \$21M annually, and continues to reinvest in aging facilities addressing risks for earthquake and fire. A breakdown of project investment categories was reviewed, as well as next steps in the process.

**** DRAFT ** MINUTES OF FEBRUARY 22, 2018 MMWD BOARD FINANCE COMMITTEE MEETING**
A brief question and answer period followed, pertaining to financing the CIP, bonding capacity and Governmental Accounting Standards Board (GASB) rules governing capital investment.

ADJOURNMENT

There being no further business, the meeting of February 22, 2018 adjourned at 10:20 a.m.



STAFF REPORT

SUBJECT: Monthly Financial Update
SUBMITTED BY: Charles Duggan Jr. Administrative Services Division Manager/Treasurer
Administrative Services Division
RECOMMENDED ACTION: Information

EXECUTIVE SUMMARY: The Monthly Financial Update as of February 28, 2018.

FISCAL IMPACT: YES _____ NO X _____ **FISCAL YEAR:** 2017/18 _____

BACKGROUND:

Water Sales and Consumption

Monthly

Water sales for the month of February 2018 were \$4,057,671 which is \$649,654 or 19% above budget. When compared to the prior year, water sales for February 2018 increased by \$1,137,504 or 39% above February 2017.

Billed water consumption (in CCFs) for February 2018 was 763,871 CCFs, which is 90,254 CCFs 13.4% above budget. Compared to the prior year, billed water consumption for February 2018 increased 157,490 CCFs or 26%.

Total meter service charges for the month of February 2018 were \$1,952,712 which is \$197,964 or 11% above budget. Compared to the prior year, meter service charges increased by \$320,031 or 19.6%.

The Watershed Fee revenue for the month of February 2018 is \$450,307 or \$39,464 or 9.6% above budget and \$77,972 or 21% above February 2017.

The total water sales and fixed charges (Service and Watershed Fee) for the month of February 2018 was \$6,460,691 which is \$887,082 or 16% above budget and compared to February 2017, it is an increase of \$1,535,507 or 31%.

Fiscal Year to Date

Fiscal year to date, water sales through February 28, 2018 were \$40,398,539, which is \$3,175,305 or 8.5% above budget. Compared to the same period last year, water sales through February 28, 2018 increased by \$7,029,720 or 21%.

Billed water consumption (in CCFs), through February 28, 2018 was 7,239,184 CCFs, which is 421,150 CCFs or 6.2% above budget. Compared to the same period last year, billed water consumption through February 28, 2018 increased by 756,456 CCFs or 11.7%.

Total water sales and fixed charges (service and Watershed Fee) as of February 28, 2018 was \$55,299,305 when compared to the budget of \$51,888,537 is \$3,410,768 or 6.6% above budget. The 2017/18 water sales and fixed charges compared to prior fiscal year through February 28, 2017 of \$47,187,415 is an increase of \$8,111,890 or 17.2%.

Estimated sales based on water production for the last twelve months less an estimate of non-revenue water (9.3%) equals 22,660 AF. The net water production assumed in the Cost of Service Analysis for FY2018 was 21,937 acre feet.

Budget to Actual Comparison – All Funds

Attached is the budget to actual comparison for fiscal year 2017/18 as of February 28, 2018. The budget to actual comparison is prepared by fund and includes revenues, expenditures and reserve balances.

As of February 28, 2018 the year to date net increase for the Operating Fund was \$4.2 million after a PayGo transfer of \$6.25 million to Capital Fund.

For the Operating Fund, total revenues as of February 28, 2018 are \$57.6 million or 73.9% of budget. Total operating expenditures of \$47.2 million, not including depreciation and amortization, is 65.7% of budget.

For the Capital and Fire Flow Funds, total revenues are \$10.2 million, which includes a PayGo transfer-in of \$6.25 million from operating fund. This is 65.8% of budgeted revenue and capital contribution. Spending on capital and fire flow projects at \$16.2 million is 47.2% of budget as of February 28, 2018.

The Watershed Fund as of February 28, 2018 reflects a surplus of \$339,840.

Fund Balances

Per the attached Reserve Balance Summary as of February 28, 2018, unrestricted / undesignated - operating reserves are \$18.4 million net of a PayGo transfer of \$6.25 million to Capital Fund and encumbered amount of \$2.8 for purchase orders, or 3.0 months of annualized projected operating expenses for 2017/18.

**Total Water Sales and Fixed Charges & Fees
Fiscal Years 2016/17 - 2017/18**

Month	Fixed Charges											
	Water Sales			Service Charges			Watershed Fee			Total Water Sales and Fixed Charges		
	16/17	17/18	17/18	16/17	17/18	17/18	16/17	17/18	17/18	16/17	17/18	17/18
	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
July	4,401,041	\$ 4,708,000	\$ 4,513,602	\$ 1,161,533	\$ 1,161,533	\$ 1,154,510	\$ 273,160	\$ 273,160	\$ 270,839	\$ 5,835,735	\$ 6,142,693	\$ 5,938,951
August	6,848,959	7,318,800	7,709,448	1,646,966	1,646,966	1,647,579	374,621	374,621	374,558	8,870,546	9,340,387	9,731,585
September	4,811,047	4,844,452	5,232,947	1,163,372	1,252,588	1,233,287	271,731	303,197	300,784	6,246,150	6,400,237	6,767,018
October	6,077,399	6,219,933	8,193,115	1,651,989	1,775,408	1,839,349	375,744	414,491	421,814	8,105,133	8,409,832	10,454,278
November	2,934,928	3,825,519	4,258,287	1,164,161	1,253,431	1,297,298	272,912	304,461	306,646	4,372,000	5,383,411	5,862,231
December	3,484,414	4,630,103	4,430,426	1,650,069	1,773,354	1,807,980	375,275	413,989	416,142	5,509,758	6,817,446	6,654,548
January	1,890,864	2,268,410	2,003,043	1,159,405	1,248,343	1,154,689	272,640	304,169	272,272	3,322,909	3,820,922	3,430,004
February	2,920,167	3,408,017	4,057,671	1,632,681	1,754,748	1,952,712	372,335	410,843	450,307	4,925,184	5,573,609	6,460,691
March	1,678,940	2,065,365		1,175,082	1,265,118		275,329	307,046		3,129,351	3,637,529	
April	2,716,029	3,706,568		1,640,133	1,762,722		373,440	412,025		4,729,603	5,881,316	
May	2,203,606	3,085,596		1,163,089	1,252,285		273,512	305,102		3,640,207	4,642,983	
June	5,068,180	6,133,484		1,643,177	1,765,979		373,899	412,516		7,085,256	8,311,979	
TOTAL	\$45,035,574	\$52,214,248	\$40,398,539	\$16,851,658	\$17,912,475	\$12,087,404	\$3,884,599	\$4,235,621	\$2,813,362	\$65,771,831	\$74,362,344	\$55,299,305

Original Budget-to-Actual Basis 6.57%
 Actual-to-Actual Basis 17.19%
 % of total budget received 74.36%

**Billed Water Consumption In CCF's
Fiscal Year 2009/10 - 2017/18**

<u>Month</u>	<u>09/10 Actual</u>	<u>10/11 Actual</u>	<u>11/12 Actual</u>	<u>12/13 Actual</u>	<u>13/14 Actual</u>	<u>14/15 Actual</u>	<u>15/16 Actual</u>	<u>16/17 Actual</u>	<u>17/18 Budget</u>	<u>17/18 Actual</u>	<u>Monthly Budget Variance</u>	<u>Actual to Actual %</u> <u>Change</u>
July	958,254	857,071	806,534	940,774	960,503	857,599	709,164	817,152	820,881	841,088	2.46%	2.93%
August	1,524,804	1,505,682	1,373,824	1,552,514	1,483,888	1,387,986	1,141,147	1,312,021	1,322,457	1,396,443	5.59%	6.43%
September	1,016,214	1,005,679	947,293	1,016,379	977,353	859,553	773,020	844,640	854,244	882,952	3.36%	4.54%
October	1,374,363	1,431,554	1,326,605	1,377,982	1,400,285	1,209,902	1,125,237	1,205,260	1,221,597	1,367,665	11.96%	13.47%
November	687,783	709,313	690,404	691,037	840,947	633,520	649,016	583,819	644,407	742,758	15.26%	27.22%
December	825,217	777,015	865,208	832,615	1,059,733	864,257	842,995	716,927	835,634	833,949	-0.20%	16.32%
January	491,259	466,489	522,634	437,843	584,601	463,934	431,637	396,528	445,197	410,458	-7.80%	3.51%
February	698,386	707,803	809,417	731,899	869,459	719,107	631,478	606,381	673,617	763,871	13.40%	25.97%
March	394,481	417,369	469,932	458,940	453,943	456,655	362,406	368,448	407,977			
April	707,372	714,398	730,127	878,103	708,756	832,060	639,191	598,740	709,999			
May	528,781	575,547	551,643	721,094	569,555	600,821	464,956	475,565	529,241			
June	<u>1,044,386</u>	<u>1,118,447</u>	<u>1,215,077</u>	<u>1,377,068</u>	<u>1,150,742</u>	<u>1,020,910</u>	<u>1,079,197</u>	<u>1,052,513</u>	<u>1,090,071</u>			
TOTAL	<u>10,251,300</u>	<u>10,286,367</u>	<u>10,308,698</u>	<u>11,016,248</u>	<u>11,059,765</u>	<u>9,906,304</u>	<u>8,849,444</u>	<u>8,977,994</u>	<u>9,555,322</u>	<u>7,239,184</u>		
			Budget-to-Actual Basis		<u>6.18%</u>							
			Actual-to-Actual Basis		<u>11.67%</u>							
			% of total budget		<u>75.76%</u>							

**Marin Municipal Water District
Budget to Actual Comparison for 2017/18 - All Funds
Actual as of February 28, 2018
Unaudited**

Revenues and Expenditures	2017/18 Ajusted Budget	Actual as of February 28, 2018	% of Budget
Revenues:			
<i>Water Sales and Service Charge:</i>			
Water Sales	\$ 52,214,248	\$ 40,398,539	77.4%
Service Charge	17,912,475	12,087,404	67.5%
Watershed Management Fee	4,235,621	2,813,362	66.4%
Total Water Sales and Service Charge	<u>74,362,344</u>	<u>55,299,305</u>	74.4%
<i>Other Revenues:</i>			
Rents and Royalties	700,000	422,191	60.3%
Grants	250,000	19,403	7.8%
Watershed Rents and Royalties	910,000	615,159	67.6%
Watershed Payments	400,000	211,540	52.9%
Late Payment and Special Read Charges	360,000	237,494	66.0%
Interest	250,000	590,294	236.1%
Miscellaneous	697,000	217,040	31.1%
Total Other Revenues	<u>3,567,000</u>	<u>2,313,121</u>	64.8%
 Total Operating Revenues	 <u>77,929,344</u>	 <u>57,612,426</u>	 73.9%
Expenditures:			
Personnel services	41,827,074	27,969,393	66.9%
Materials and supplies	2,402,899	1,443,177	60.1%
Operations	6,316,462	2,549,051	40.4%
Water conservation rebate program	499,500	80,743	16.2%
Electrical power	3,868,063	2,387,199	61.7%
Water purchased	6,363,399	3,779,088	59.4%
Insurance, including claims	1,250,000	940,543	75.2%
General and administrative	3,198,009	2,386,149	74.6%
Debt service - interest and principal	9,421,976	6,818,459	72.4%
Overhead cost allocated to capital	(3,327,320)	(1,152,215)	34.6%
Total Expenditures and Capital Purchases	<u>71,820,062</u>	<u>47,201,586</u>	65.7%
 Transfer out to Capital Fund (PayGo)	 <u>6,000,000</u>	 <u>6,250,000</u>	 104.2%
 Net Operating Fund Increase(Decrease)	 <u>\$ 109,282</u>	 <u>\$ 4,160,840</u>	
Operating Reserves			
Opening Reserves	\$ 20,077,803	\$ 20,077,803	
Net Operating Fund Increase(Decrease)	109,282	4,160,840	
Encumbrances for Purchase Orders	-	(2,756,017)	
Accrual adjustments	-	(3,131,806)	
Ending Reserves	<u>\$ 20,187,085</u>	<u>\$ 18,350,820</u>	

Capital and Fire Flow Funds

Revenues and Expenditures	2017/18 Ajusted Budget	Actual as of February 28, 2018	% of Budget
Revenues:			
Connection Charges	\$ 1,865,000	\$ 476,931	25.6%
Interest Income	15,000	12,391	82.6%
Transfer-in from Operating (PayGo)	6,000,000	6,250,000	104.2%
Contributed Capital:			
Fire Flow	4,500,000	2,504,279	55.7%
Connection Fees and Grants	3,166,000	983,445	31.1%
Total Revenues and Contributed Capital	<u>15,546,000</u>	<u>10,227,047</u>	65.8%
Capital Expenditures:			
Capital Projects - District	27,671,000	13,161,578	47.6%
Capital Projects - Fire Flow	4,500,000	2,422,756	53.8%
Capital equipment purchases	2,200,000	638,471	29.0%
Total Capital and Fire Flow Expenditures	<u>34,371,000</u>	<u>16,222,804</u>	47.2%
Net Capital and Fire Flow Fund Increase(Decrease)	<u>\$ (18,825,000)</u>	<u>\$ (5,995,758)</u>	31.8%
Capital Reserves			
Capital Fund			
Opening Reserves	\$ 1,610,857	\$ 1,610,857	
Net Capital Fund Increase(Decrease)	(16,640,000)	(5,438,810)	
Capital equipment purchases	(2,200,000)	(638,471)	
Proceeds from 2017 Bond Issuance	42,000,000	42,000,000	
Encumbered for Contracts		(3,456,121)	
Accrual adjustments	-	2,336,606	
Ending Reserves	<u>\$ 24,770,857</u>	<u>\$ 36,414,061</u>	
Fire Flow Fund			
Opening Reserves	\$ 426,571	\$ 426,571	
Net Fire Flow Fund Increase(Decrease)	-	81,524	
Encumbered for Contracts		(2,627,350)	
Accrual adjustments	-	4,160	
Ending Reserves	<u>\$ 426,571</u>	<u>\$ (2,115,095)</u>	

Reserve Balance Summary

	Actual				Projected
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	2/28/2018
Restricted	\$ 9,346,061	\$ 9,501,989	\$ 9,327,468	\$ 7,723,634	\$ 2,063,851
Board Designated	9,633,824	11,491,220	9,441,758	9,847,168	12,647,168
Watershed Fund	-	-		35,425	339,840
Rate Stabilization Fund	7,300,000	5,900,000	5,700,000	8,000,000	8,000,000
Fire Flow Fund (net of encumbrances)	1,736,460	1,939,529	656,839	426,571	(2,115,095)
Capital Fund (including PayGo and net of encumbrances)	47,305,458	30,044,160	18,974,590	1,610,857	36,414,061
Unrestricted/undesignated - Operating (net of encumbrances)	<u>21,026,900</u>	<u>19,959,569</u>	<u>16,947,253</u>	<u>20,077,803</u>	<u>18,361,548</u>
Total	<u>\$ 96,348,703</u>	<u>\$ 78,836,467</u>	<u>\$ 61,047,907</u>	<u>\$ 47,721,458</u>	<u>\$ 75,711,373</u>
Months Reserve Urestricted - Operating to Annualized Actual Expenditure	4.08	3.93	3.34	4.09	3.07
Debt Coverage Ratio	1.52	1.28	1.25	1.50	1.75

Marin Municipal Water District
Watershed & Other Non Rate Based Revenue and Expenditures
Actual as of February 28, 2018
Unaudited

Revenues and Expenditures	2017/18 Budget	Actual as of February 28,	% of Budget
Watershed Revenues			
Watershed Management Fee	\$ 4,235,621	\$ 2,813,485	66.4%
Rent and Leases	910,000	615,159	67.6%
Permits, Parking and Passes	400,000	199,809	50.0%
Grants	-	-	
Other	-	7,628	
Total Watershed Revenues	<u>5,545,621</u>	<u>3,636,081</u>	65.6%
Expenditures - Operating and Capital Equipments			
Operating	5,996,709	3,309,564	55.2%
Capital equipment purchases	<u>147,947</u>	<u>22,102</u>	14.9%
Total Expenditures and Capital Purchases	<u>6,144,656</u>	<u>3,331,666</u>	54.2%
Surplus (Deficit)	(599,035)	304,415	-50.8%
Transfer from Operating Fund	<u>599,035</u>	<u>-</u>	
Net Surplus (Deficit)	<u>\$ -</u>	<u>\$ 304,415</u>	
Other Non-Water Revenue			
Rent and Leases - Non Watershed		<u>422,191</u>	
Total Non Rate Based Other Revenues		<u>422,191</u>	
Discount Program for Low Income & Medically Disabled			
Low Income - Fee waived		153,197	
Medically Disabled - Fee waived		<u>70,847</u>	
		<u>224,045</u>	
Net Surplus (Deficit)		<u>198,147</u>	

Marin Municipal Water District
Budget to Actual Comparison for 2017/18 - Capital Fund
Actual as of February 28, 2018
Unaudited

CIP Projects	FY2017/18 Adjusted Budget	Capital Projects YTD Actual Expenditures As of 2/28/18	Encumbered for Contracts As of 2/28/18	Total Capital & Fire Flow As of 2/28/18
District Pipeline Replacement / Improvement	\$ 6,800,000	\$ 4,363,241	\$ 1,341,181	\$ 5,704,422
Replacements - Tank Maintenance & Replacement	\$ 1,730,000	\$ 612,644	\$ 70,964	\$ 683,608
Replacements - Treatment Plant Facilities	\$ 3,930,000	\$ 3,061,358	\$ 700,605	\$ 3,761,963
Replacements - Dam/Pump/Control System/Meters	\$ 4,300,000	\$ 1,478,669	\$ 451,744	\$ 1,930,413
Fire Chief's Fund	\$ 150,000	\$ -	-	\$ -
System Improvements	\$ 1,545,000	\$ 44,758	\$ 7,419	\$ 52,178
Watershed - Ranger Residence & Minor Structure Improvement	920,000	533,574	249,844	\$ 783,417
Watershed - Road Repair & Improvement	3,390,000	702,329	99,761	\$ 802,090
Reimbursable Grant Projects	2,416,000	1,434,490	259,529	\$ 1,694,020
Reimbursable Customer Projects	\$ 1,550,000	\$ 505,087	\$ -	\$ 505,087
Information Technology - Capital Equipments/Projects	\$ 940,000	\$ 425,427	\$ 275,073	\$ 700,500
Fire Flow Replacement	\$ 4,500,000	\$ 2,422,756	\$ 2,627,350	\$ 5,050,106
Capital Equipment Purchases	\$ 2,195,000	\$ 638,471	\$ 520,738	\$ 1,159,209
Total Capital Projects	\$ 34,366,000	\$ 16,222,804	\$ 6,604,210	\$ 22,827,014



STAFF REPORT

SUBJECT: Discussion about Expense Projections
SUBMITTED BY: Charles M. Duggan Jr., Administrative Services Division Manager/Treasurer
RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY:

During the next calendar year, and leading up to the next biennial budget adoption (FY20-21) in June of 2019, we will need to estimate our future expenditures by evaluating the trends driving current cost increases. Today's session is intended to be a high level overview of our recent costs, our present budget, and projections for the next two biennium budget periods.

FISCAL IMPACT: YES No X FISCAL YEAR:

BACKGROUND:

To provide strong financial oversight and to adequately guide staff with policy decisions, the Board needs to understand current cost trends and how they might influence future District spending. During this presentation the Board will see that our average year over year cost increase for the last five years has been 4.38%. Additionally, although actuals tend to be lower than budgeted amounts, our current two year biennial budget has planned increases of 6.48% and 6.82%. From this information staff has created a projection for the next two budget cycles to get a picture of what is likely to be our cost situation between now and 2023.

Today's discussion is information based and no direct action is intended from the session.

STRATEGIC PLAN ALIGNMENT: The requested action aligns with the district's Strategic Plan Goal 2: Financial Stewardship - Strategy 4 - ensure cost-effective and efficient business processes - Objective 3 - document and update key business processes.

REVIEWED BY: A.S.D. Manager/Treasurer [X] NA []
General Counsel [] NA [X]
General Manager [X] NA []

- Attachments: 1) Summary and Projected Expenses by Function
2) Five Year Summary Expenses by Function

**Marin Municipal Water District
SUMMARY AND PROJECTED EXPENSES BY FUNCTION
Year ended June 30,**

	5 - Year Actuals					2 - Year Budget		4 - Year Projection 5% escalation factor for all but debt			
	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Adopted Budget	2019 Adopted Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected
OPERATING EXPENSES:								5%	5%	5%	5%
Water Purchases - SCWA & NMWD	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921	6,363,399	6,674,509	7,008,234	7,358,646	7,726,578	8,112,907
Watershed Maintenance	4,259,670	4,632,367	5,206,134	4,993,983	5,571,377	6,052,820	6,824,934	7,166,181	7,524,490	7,900,714	8,295,750
Water treatment	6,721,730	6,657,304	7,070,203	6,841,197	7,683,645	7,781,790	8,309,940	8,725,437	9,161,709	9,619,794	10,100,784
Pumping (87% of Electricity Cost)	2,650,674	2,955,530	2,742,815	2,828,355	2,472,467	3,365,215	3,480,314	3,654,330	3,837,046	4,028,898	4,230,343
Transmission and distribution	10,360,869	10,682,167	12,568,990	12,339,800	14,188,031	14,908,739	15,727,276	16,513,640	17,339,322	18,206,288	19,116,602
Customer service and meter operation	2,947,934	3,199,908	2,985,082	3,125,463	3,187,587	4,145,291	4,487,298	4,711,663	4,947,246	5,194,608	5,454,339
Water Conservation	1,285,842	1,925,266	2,238,765	2,069,277	1,950,898	2,508,909	2,602,645	2,732,777	2,869,416	3,012,887	3,163,531
Administrative and general	9,437,191	11,466,319	9,747,886	11,022,316	12,726,703	11,408,206	12,376,866	12,995,709	13,645,495	14,327,770	15,044,158
Debt Service, Insurance, OPEB	13,363,894	9,668,047	14,579,555	14,824,008	13,397,961	14,917,976	15,844,976	16,159,675	16,464,369	16,747,320	17,074,001
Total operating expenses before Paygo	56,633,971	58,624,648	63,859,534	63,776,509	67,105,590	71,452,345	76,328,758	79,667,646	83,147,739	86,764,858	90,592,416
	4.38% Average increase 2014 - 2017					6.48% 6.82% Percent increase over prior year		4.37% 4.37% 4.35% 4.41% Percent increase over prior year			

Paygo	Paygo was less than \$50,000 per year FY13-17	6,250,000	2,000,000	15,000,000	15,000,000	15,000,000	15,000,000
	Total operating expenses with Paygo	77,702,345	78,328,758	94,667,646	98,147,739	101,764,858	105,592,416

Marin Municipal Water District
FIVE YEAR SUMMARY OF EXPENSES BY FUNCTION
Year ended June 30,

3/19/2018

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual
OPERATING EXPENSES:					
Water Purchases - SCWA & NMWD	5,606,167	7,437,740	6,720,104	5,732,110	5,926,921
Watershed Maintenance	4,259,670	4,632,367	5,206,134	4,993,983	5,571,377
Personnel Service	3,149,196	3,615,295	4,001,506	3,821,162	4,498,176
Materials and Supplies	36,987	63,123	48,027	26,704	62,724
Operations	1,007,991	904,629	1,099,039	1,100,999	958,977
General and Administration	65,497	49,321	57,562	45,118	51,500
Water treatment	6,721,730	6,657,304	7,070,203	6,841,197	7,683,645
Personnel Service	4,489,366	4,725,953	5,314,850	5,194,992	5,902,766
Materials and Supplies	1,588,101	1,401,214	1,220,735	1,130,126	1,139,749
Operations	343,964	203,852	208,822	180,551	213,788
Electricity	243,740	271,773	252,213	260,079	227,353
General and Administration	56,560	54,511	73,583	75,449	199,989
Pumping (87% of Electricity Cost)	2,650,674	2,955,530	2,742,815	2,828,355	2,472,467
Transmission and distribution	10,360,869	10,682,167	12,568,990	12,339,800	14,188,031
Personnel Service	8,441,788	8,915,930	10,308,948	10,030,664	11,755,452
Materials and Supplies	526,948	533,206	611,985	578,483	527,584
Operations	1,302,504	1,128,161	1,428,281	1,491,436	1,578,459
General and Administration	89,628	104,870	219,776	239,217	326,537
Customer service and meter operation	2,947,934	3,199,908	2,985,082	3,125,463	3,187,587
Personnel Service	2,485,924	2,582,454	2,541,976	2,713,251	2,763,243
Materials and Supplies	178,188	177,967	115,532	84,121	117,036
Operations	35,202	69,867	36,752	39,268	50,301
General and Administration	248,620	369,619	290,822	288,823	257,007
Water Conservation	1,285,842	1,925,266	2,238,765	2,069,277	1,950,898
Personnel Service	1,196,654	1,384,281	1,570,001	1,519,204	1,575,580
Materials and Supplies	18,031	34,368	57,636	35,485	51,884
Operations	51,992	344,374	351,668	165,426	58,165
Water Conservation Rebate	425	131,112	237,563	332,052	248,029
General and Administration	18,740	31,132	21,897	17,110	17,241
Administrative and general	22,801,085	21,134,366	24,327,441	25,846,324	26,124,664
Debt Services	7,728,051	4,204,502	9,622,264	9,683,087	8,254,029
Insurance	1,584,843	1,310,545	1,141,719	1,849,921	1,761,928
OPEB	4,051,000	4,153,000	3,815,572	3,291,000	3,382,004
Administration & General	9,437,191	11,466,319	9,747,886	11,022,316	12,726,703
General Manager	352,119	567,640	591,594	556,017	555,839
General Counsel	692,944	626,434	573,234	509,880	587,875
Admin Services - Finance, HR & IT	3,789,067	4,403,018	4,850,963	4,829,072	5,521,837
Engineering Admin - CMG, Planning,					
Drafting & Records, Environmental SVC	3,908,198	5,204,106	3,032,674	4,498,402	5,370,945
Facility Administration	694,863	665,121	699,421	628,945	690,207
Total operating expenses	56,633,971	58,624,648	63,859,534	63,776,509	67,105,590